

Message Text

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E.O. 11652: NA

TAGS: ECON, EGEN, UR

SUBJECT: 1976 INDUSTRIAL GROWTH LOWEST IN YEARS

SUMMARY: DESPITE A RECORD GRAIN HARVEST (224 MILLION TONS)
AND INDUSTRIAL GROWTH (4.8 PERCENT) WHICH EXCEEDED THE PLAN
(4.3 PERCENT), THE OVERALL ECONOMIC RESULTS FOR 1976 PUBLISHED
JANUARY 18 CAN HARDLY BE ENCOURAGING TO SOVIET LEADERS.
NATIONAL INCOME GREW BY 5 PERCENT, SHORT OF THE PLANNED
5.4 PERCENT, APPARENTLY IN PART AS A CONSEQUENCE OF PAST INABILITIES
TO ATTAIN AGRICULTURAL TARGETS, AND THE LABOR
PRODUCTIVITY INCREASE (3.3 PERCENT) NARROWLY MISSED THE MODEST
GOAL OF THE PLAN (3.4 PERCENT). AND EVEN INDUSTRIAL GROWTH
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ITSELF WAS LOW IN RELATION TO THE PAST, APPARENTLY THE LOWEST
RATE OF GROWTH SINCE WORLD WAR II. THE USSR WILL CLEARLY
HAVE TO SUSTAIN CONSIDERABLY HIGHER RATES OF GROWTH IN
1977-80 IF THE TARGETS FOR THE TENTH FIVE-YEAR PLAN (1976-80)
ARE TO BE MET. END SUMMARY.

1. THE CENTRAL PRESS CARRIED AN ANNOUNCEMENT ON JANUARY 18

THAT THE COUNCIL OF MINISTERS HAD MET TO REVIEW THE 1976 PLAN RESULTS. THE 1976 PLAN WAS "FULFILLED" AS GROWTH IN INDUSTRIAL OUTPUT WAS 4.8 PERCENT COMPARED WITH 4.3 PERCENT SET IN THE PLAN. ALL USSR MINISTRIES AND UNION REPUBLICS MET THEIR TARGETS FOR INDUSTRIAL PRODUCTION AND ABOVE-PLAN OUTPUT TOTALED 6.2 BILLION RUBLES. LABOR PRODUCTIVITY IN INDUSTRY ROSE 3.3 PERCENT (PLAN TARGET WAS 3.4 PERCENT). THE GRAIN HARVEST OF 224 MILLION TONS EXCEEDED THE 1973 RECORD AND STATE GRAIN PURCHASES WERE MORE THAN 92 MILLION TONS. THE HARVEST OF COTTON AND A NUMBER OF OTHER CROPS WAS GOOD.

2. NATIONAL INCOME USED FOR "CONSUMPTION AND ACCUMULATION" ROSE BY 5 PERCENT (PLAN TARGET WAS 5.4 PERCENT) AND PER CAPITA REAL INCOME ROSE BY THE PLANNED 3.7 PERCENT. THE AVERAGE MONTHLY PAY OF INDUSTRIAL AND OFFICE WORKERS ROSE BY 3.6 PERCENT.

3. ACCORDING TO THE ANNOUNCEMENT, THE COUNCIL OF MINISTERS ALSO TOOK NOTE OF "DEFICIENCIES" IN FULFILLMENT OF THE 1976 PLAN. A NUMBER OF TASKS IN INDUSTRIAL AND AGRICULTURAL PRODUCTION, RAILROAD FREIGHT TURNOVER, CAPITAL CONSTRUCTION, AND GROWTH IN LABOR PRODUCTIVITY, PROFITS, AND OTHER INDICATORS WERE NOT ACHIEVED BY "CERTAIN" USSR MINISTRIES AND REPUBLICS. THE DEFICIENT ORGANIZATIONS WERE ENJOINED TO WORK OUT AND IMPLEMENT MEASURES TO ELIMINATE SHORTCOMINGS, STRENGTHEN PRODUCTION DISCIPLINE, STRICTLY OBSERVE A REGIME OF ECONOMY, AND CONCENTRATE ON RAISING THE QUALITY AND EFFECTIVENESS OF PRODUCTION.

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4. "SPECIAL ATTENTION" WAS GIVEN AT THE SESSION TO PREPARATIONS FOR 1977 SPRING FIELD WORK AND WINTERING OF LIVESTOCK. THE RESPONSIBLE BODIES WERE INSTRUCTED TO TAKE THE NECESSARY STEPS TO SPEED-UP REPAIR OF AGRICULTURAL EQUIPMENT, AND DELIVER FUEL, MINERAL FERTILIZER AND SPARE PARTS FOR TRACTORS AND AGRICULTURAL VEHICLES ON TIME. THE DECISIONS ADOPTED ALSO "EMPHASIZED" THE NECESSITY FOR FURTHER EXPANSION OF CONSUMER GOODS OUTPUT AND INCREASE IN THEIR QUALITY TO SATISFY "MORE FULLY" THE GROWING REQUIREMENTS OF THE POPULATION. FINALLY, THE IMPORTANCE OF THE SOCIALIST COMPETITION CAMPAIGN AND OF ENTERPRISE "COUNTER-PLANS" WAS EMPHASIZED.

5. PREMIER KOSYGIN ADDRESSED THE SESSION AND PARTY SECRETARY KIRILENKO "TOOK PART".

6. COMMENT: THE RATE OF GROWTH IN INDUSTRIAL OUTPUT IS APPARENTLY THE LOWEST SINCE WORLD WAR II. 1976 TARGETS WERE SET LOWER THIS YEAR BECAUSE OF THE POOR 1975 HARVEST AND PROBABLY ALSO TO UNDERScore THE DRIVE FOR QUALITY AND EFFICIENCY

IN PRODUCTION. PARTICULARLY DISAPPOINTING TO SOVIET PLANNERS THEREFORE MUST HAVE BEEN THE FAILURE TO ACHIEVE THE LABOR PRODUCTIVITY TARGET, ESPECIALLY SINCE DECLINING SOVIET BIRTH RATES MAKE THIS A CRITICAL ELEMENT FOR FUTURE GROWTH. THE PRESS ANNOUNCEMENT ALSO UNDERSCORES THE SPOTTY NATURE OF THE 1976 RESULTS, EVEN THOUGH THE TARGET FOR INDUSTRIAL OUTPUT WAS EXCEEDED. PROBLEMS WITH RAIL TRANSPORT AND COMPLETION OF NEW INDUSTRIAL PROJECTS ON TIME CLEARLY HAVE NOT BEEN RESOLVED.

7. THE PRESS ANNOUNCEMENT AND OTHER RECENT PRESS AND PUBLIC STATEMENTS INDICATE THAT A MAJOR CAMPAIGN IS UNFOLDING TO MAKE THE "60TH ANNIVERSARY JUBILEE" OF 1977 A TURNING POINT IN FULFILLMENT OF THE TENTH PLAN GOALS FOR 1980. THE HARVEST LAST YEAR (WITH THE EXCEPTION OF SUGAR BEETS AND SUNFLOWERS) SHOULD PROVIDE A GOOD SUPPLY OF AGRICULTURAL RAW MATERIALS FOR INDUSTRY IN 1977. STILL, GIVEN THE SLOW START IN 1976 AND THE MODEST LIMITED OFFICIAL USE

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TARGET FOR INDUSTRIAL GROWTH IN 1977 OF 5.6 PERCENT, INDUSTRIAL PERFORMANCE MUST IMPROVE SIGNIFICANTLY IF THE 1980 TARGET OF A 36 PERCENT INCREASE IN INDUSTRIAL OUTPUT OVER THE 1975 LEVEL IS TO BE ACHIEVED.

8. EMBASSY WILL REPORT ADDITIONAL DETAIL ON THE 1976 RESULTS AS THEY BECOME AVAILABLE. TOON

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